

Message Text

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ORIGIN EUR-25

INFO OCT-01 ISO-00 EB-11 SSO-00 NSCE-00 USIE-00 INRE-00

SS-20 NSC-07 CAB-09 CIAE-00 COME-00 DODE-00 DOTE-00

INR-10 NSAE-00 RSC-01 FAA-00 SAJ-01 FEA-02 L-03 PA-04

PRS-01 /095 R

DRAFTED BY EUR/CE: RWBECKER: RWB

APPROVED BY EUR - MR. STABLER

EUR/CE: NCLEDSKY

EB/OA/AN: RCPARR

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TO AMEMBASSY BONN NIACT IMMEDIATE

INFO USMISSION BERLIN IMMEDIATE

AMEMBASSY PARIS

AMEMBASSY LONDON

USMISSION NATO

C O N F I D E N T I A L STATE 113992

E.O. 11652: GDS

TAGS:ETRN, PFOR, WB, US, UK, FR, GW

SUBJECT:BERLIN AIR SERVICES FUEL SURCHARGE

REF: A) BONN 8442 B) BONN 8503

1. IN DEPARTMENTS VIEW IMPLEMENTATION OF FUEL SURCHARGE
AT EARLIEST POSSIBLE DATE IS VITAL BECAASE OF ECONOMIC
DIFFICULTIES FACED BY AIRLINES. WE BELIEVE GERMANS HAVE HAD
SUFFICIENT TIME TO STUDY DATA SUPPORTING SURCHARGE REQUEST.
DEPARTMENT THEREFORE PREPARED TO APPROVE JUNE 1 IMPLEMENT-
ATION DATE EVEN WITHOUT COMPLETE SUPPORT OF BCATAG, PROVIDED
UK AND FRANCE PREPARED TO ACT JOINTLY WITH US.

2. IN ADVISING FRG, BCATAG, AND BONN GROUP REPS OF OUR
DECISION, EMBASSY SHOULD EXPLAIN THAT US PREPARED TO CONSID-
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ER VARIOUS BERLIN AVIATION ISSUES SUCH AS THOSE RAISED IN

FRG NON-PAPER PRESENTED AT BCATAG MEETING MAY 29 (REFTEL A). WE WOULD NOT, HOWEVER, WISH TO SEE IMPLEMENTATION OF FUEL SURCHARGE LINKED TO OTHER, FUNDAMENTALLY DIFFERENT, BERLIN AVIATION QUESTIONS.

3. EMBASSY SHOULD SEEK FRENCH AND BRITISH SUPPORT IN RESPONDING ALONG FOLLOWING LINES TO FRG BCATAG PRESENTATION, AND TO NON-PAPER IN PARTICULAR. FRG REPS SHOULD BE REASSURED THAT PAN AM AND BRITISH AIRWAYS SUBMISSIONS WERE CAREFULLY REVIEWED BY US CAB AND UK DTI RESPECTIVELY PRIOR

TO THEIR SUBMISSION TO BCATAG BY CAAS, AND IT WAS AGREED THAT LEVEL OF INCREASE REQUESTED BY AIRLINES WAS JUSTIFIED ENTIRELY ON GROUNDS OF INCREASED FUEL COSTS. ALTHOUGH CAAS MAY GIVE FRG REPS ADDITIONAL DATA WHICH THEY REQUESTED (PARA 1 REFTEL A) CAAS SHOULD STATE THEY ARE DOING SO IN EFFORT TO COOPERATE WITH FRG REPS WHO MUST EXPLAIN FARE INCREASE TO GERMAN PUBLIC, BUT ARE NOT IN POSITION TO DELAY IMPLEMENTATION OF SURCHARGE ANY LONGER.

4. DEPARTMENT PREFERS FRG REPS NOT BE GIVEN ANY ENCOURAGEMENT TO THINK RATIONALIZATION QUESTION CAN BE CONSIDERED IN QUADRIPARTITE FORUM. ONLY SITUATION IN WHICH FRG, AS OPPOSED TO THREE POWERS, WOULD BE ENTITLED TO DISCUSS FREQUENCIES WOULD BE UNDER CIRCUMSTANCES WHERE FRG EXPRESSED INTEREST IN SUBSIDIZING SPECIFIC FLIGHTS OR SERVICES TO CITIES SUCH AS SAARBRUECKEN (AS OPPOSED TO PRESENT PASSENGER SUBSIDY SYSTEM.)

5. IN OUR OPINION, A DISCUSSION ON THE EFFECT WHICH PROPOSED RENTAL AND FEE INCREASES WOULD HAVE ON FARE LEVELS IS INSIGNIFICANT COMPARED TO IMPACT OF FUTURE COSTS INVOLVED IN TRANSFER TO TEGEL. RATHER THAN DISCUSS SMALLER PROBLEM IN VACUUM, DEPARTMENT RECOMMENDS THAT QUESTION OF REVISED AIRPORT RENTS AND FEES BE INCLUDED AS PART OF NEGOTIATIONS CURRENTLY BEING CONDUCTED BY AIRLINES AND GERMAN OFFICIALS ON AMOUNT OF SUBSIDY AIRLINES SHOULD RECEIVE IN CONNECTION WITH MOVES TO TEGEL. FYI: OUR PRESENT THINKING IS THAT NEGOTIATION OF SUBSIDY LEVEL FOR MOVE TO TEGEL SHOULD BE LEFT STRICTLY TO CONFIDENTIAL

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AIRLINES AND GERMANS. END FYI.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BERLIN AIR ACCESS, AIR FARES, JET FUEL, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 30 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE113992
Document Source: CORE
Document Unique ID: 00
Drafter: RWBECKER: RWB
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740136-1038
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974055/aaaaaemx.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A) BONN 8442 B) BONN 8503
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 24 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 APR 2002 by kelleyw0>; APPROVED <25 MAR 2003 by ShawDG>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ERLIN AIR SERVICES FUEL SURCHARGE
TAGS: ETRN, PFOR, WB, US, UK, FR, GE
To: BONN
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005